

September 20, 2004

MEMORANDUM

TO: Finance, Administrative, and Human Resource Officers
All State Agencies

FROM: Ruth Mealy, Director
Payroll and Tax Reporting Division
Office of Financial Management

SUBJECT: Social Security, Medicare, and Retirement Rates

Enclosed is a revised table listing the retirement rates as of October 1, 2004. The table has been revised to reflect changes in the retirement rates for employees in several retirement codes. For your convenience, we have shaded items in the table that have changed.

All changes in the table will be effective with the October 21, 2004 pay date. Information regarding the recording of the State share in R*STARS follows:

Cost Distribution: The coding block used for salaries and wages will be used for social security, medicare, and retirement unless the department/agency has established a crosswalk using the DCDS crosswalk functions. For a more detailed discussion of crosswalks, please refer to the appropriate sections of the MAIN HRS Procedures Manual.

Document Number: The R*STARS document number for the State share of social security, medicare, and retirement will consist of eight characters. Values for positions 1 and 2 of the document number will always be DJ. Positions 3 and 4 will be the pay period number and positions 5 through 8 will be a sequential number.

For example, the document number for the first document for Department of Management and Budget, Central Office, pay period 23 (pay period ending October 23, 2004) would be DJ230001.

Effective Date: The effective date of the transaction will be the pay date. For example, the effective date for the document number used in the above example would be November 4, 2004

Object Code: The object codes for the State share of social security and medicare will vary depending on the type of employee as follows:

Type of Employee	Object Code for	
	Social Security	Medicare
Classified	3345	3355
Unclassified	3875	3885
Special Personal Service	4375	4380
Per Diem	4510	4515

The object codes for the State share of retirement will vary depending on the type of employee and retirement plan as follows:

Type of Employee	Object Code for	
	Defined Benefit Plan	Defined Contribution Plan
Classified	3365	3367
Unclassified	3895	3897
Special Personal Service	4390	4392
Per Diem	Not Applicable	Not Applicable

All interagency transactions adjusting salaries and wages must include appropriate adjustments for the State share of social security, medicare, and retirement. The adjustments are calculated by multiplying the salary and wage amount by the rates in effect during the period being adjusted.

The current copy of this memo, attachments and future updates will be available on the Office of Financial Management's web site under Policies & Procedures, Payroll Letters/Directives at <http://www.michigan.gov/ofm>.

Please refer any questions regarding this memo to Peter Woodford, Office of Financial Management, Payroll and Tax Reporting Division at (517) 335-3588.

Attachment

cc w/att: N. Duncan
M. Moody
L. Mester
D. Ringler
P. Lack
P. Stoddard - ORS
J. Winters – DCS
D. Fink - OSE
D. Pintacura
J. Paxton
J. Hallitt
OSB Directors
PTR Staff

SOCIAL SECURITY, MEDICARE, AND RETIREMENT RATES
October 1, 2004

Rtmt. Code	Calendar Yr. Earnings	Employee Share				State Share			
		Social Security	Medicare	Retirement	Total	Social Security	Medicare	Retirement	Total
01	\$0 - \$87,900	6.20%	1.45%	0.00%	7.65%	6.20%	1.45%	27.01%	34.66%
	Over \$87,900	0.00%	1.45%	0.00%	1.45%	0.00%	1.45%	27.01%	28.46%
02	All	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	47.16%	47.16%
03	\$0 - \$87,900	6.20%	1.45%	0.00%	7.65%	6.20%	1.45%	0.00%	7.65%
	Over \$87,900	0.00%	1.45%	0.00%	1.45%	0.00%	1.45%	0.00%	1.45%
04	\$0 - \$87,900	6.20%	1.45%	0.00%	7.65%	6.20%	1.45%	24.52%	32.17%
	Over \$87,900	0.00%	1.45%	0.00%	1.45%	0.00%	1.45%	24.52%	25.97%
05	\$0 - \$87,900	6.20%	1.45%	0.00%	7.65%	6.20%	1.45%	0.00%	7.65%
	Over \$87,900	0.00%	1.45%	0.00%	1.45%	0.00%	1.45%	0.00%	1.45%
06	All	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
07	\$0 - \$87,900	6.20%	1.45%	0.00%	7.65%	6.20%	1.45%	0.00%	7.65%
	Over \$87,900	0.00%	1.45%	0.00%	1.45%	0.00%	1.45%	0.00%	1.45%
08	\$0 - \$87,900	6.20%	1.45%	3.50%	11.15%	6.20%	1.45%	0.00%	7.65%
	Over \$87,900	0.00%	1.45%	3.50%	4.95%	0.00%	1.45%	0.00%	1.45%
09	\$0 - \$87,900	6.20%	1.45%	9.00%	16.65%	6.20%	1.45%	0.00%	7.65%
	Over \$87,900	0.00%	1.45%	9.00%	10.45%	0.00%	1.45%	0.00%	1.45%
10	\$0 - \$87,900	6.20%	1.45%	1.50%	9.15%	6.20%	1.45%	0.00%	7.65%
	Over \$87,900	0.00%	1.45%	1.50%	2.95%	0.00%	1.45%	0.00%	1.45%
11	\$0 - \$87,900	6.20%	1.45%	0.00%	7.65%	6.20%	1.45%	0.00%	7.65%
	Over \$87,900	0.00%	1.45%	0.00%	1.45%	0.00%	1.45%	0.00%	1.45%

SOCIAL SECURITY, MEDICARE, AND RETIREMENT RATES
October 1, 2004

Rtmt. Code	Calendar Yr. Earnings	Employee Share				State Share			
		Social Security	Medicare	Retirement	Total	Social Security	Medicare	Retirement	Total
12	\$0 - \$87,900	6.20%	1.45%	5.00%	12.65%	6.20%	1.45%	0.00%	7.65%
	Over \$87,900	0.00%	1.45%	5.00%	6.45%	0.00%	1.45%	0.00%	1.45%
13	\$0 - \$87,900	6.20%	1.45%	3.58%	11.23%	6.20%	1.45%	0.00%	7.65%
	Over \$87,900	0.00%	1.45%	3.58%	5.03%	0.00%	1.45%	0.00%	1.45%
14	\$0 - \$87,900	6.20%	1.45%	8.36%	16.81%	6.20%	1.45%	0.00%	7.65%
	Over \$87,900	0.00%	1.45%	8.36%	9.81%	0.00%	1.45%	0.00%	1.45%
15	\$0 - \$87,900	6.20%	1.45%	8.38%	16.03%	6.20%	1.45%	0.00%	7.65%
	Over \$87,900	0.00%	1.45%	8.38%	9.83%	0.00%	1.45%	0.00%	1.45%
16	\$0 - \$87,900	6.20%	1.45%	3.59%	11.24%	6.20%	1.45%	0.00%	7.65%
	Over \$87,900	0.00%	1.45%	3.59%	5.04%	0.00%	1.45%	0.00%	1.45%
17	All	0.00%	1.45%	0.00%	1.45%	0.00%	1.45%	47.16%	48.61%
18	All	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
19	All	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
20	All	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
22	All	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
23	All	0.00%	1.45%	0.00%	1.45%	0.00%	1.45%	0.00%	1.45%
24	\$0 - \$87,900	6.20%	1.45%	5.23%	12.88%	6.20%	1.45%	0.00%	7.65%
	Over \$87,900	0.00%	1.45%	5.23%	6.68%	0.00%	1.45%	0.00%	1.45%

SOCIAL SECURITY, MEDICARE, AND RETIREMENT RATES
October 1, 2004

Rtmt. Code	Calendar Yr. Earnings	Employee Share				State Share			
		Social Security	Medicare	Retirement	Total	Social Security	Medicare	Retirement	Total
25	\$0 - \$4,200	6.20%	1.45%	3.00%	10.65%	6.20%	1.45%	0.00%	7.65%
	\$4,200 - \$87,900	6.20%	1.45%	5.00%	12.65%	6.20%	1.45%	0.00%	7.65%
	Over \$87,900	0.00%	1.45%	5.00%	6.45%	0.00%	1.45%	0.00%	1.45%
26	\$0 - \$87,900	6.20%	1.45%	0.00%	7.65%	6.20%	1.45%	30.47%	38.12%
	Over \$87,900	0.00%	1.45%	0.00%	1.45%	0.00%	1.45%	30.47%	31.92%
27	\$0 - \$87,900	6.20%	1.45%	7.00%	14.65%	6.20%	1.45%	0.00%	7.65%
	Over \$87,900	0.00%	1.45%	7.00%	8.45%	0.00%	1.45%	0.00%	1.45%
30	\$0 - \$87,900	6.20%	1.45%	13.50%	21.15%	6.20%	1.45%	0.00%	7.65%
	Over \$87,900	0.00%	1.45%	13.50%	14.95%	0.00%	1.45%	0.00%	1.45%
31	\$0 - \$87,900	6.20	1.45%	10.46%	18.11%	6.20%	1.45%	0.00%	7.65%
	Over \$87,900	0.00%	1.45%	10.46%	11.91%	0.00%	1.45%	0.00%	1.45%
32	\$0 - \$87,900	6.20	1.45%	10.40%	18.05%	6.20%	1.45%	0.00%	7.65%
	Over \$87,900	0.00%	1.45%	10.40%	11.85%	0.00%	1.45%	0.00%	1.45%
40	\$0 - \$87,900	6.20%	1.45%	Varies ¹	Varies 7.65%-10.65%	6.20%	1.45%	Varies ²	Varies 23.05-26.05%
	Over \$87,900	0.00%	1.45%	0-3%		0.00%	1.45%	15.40 – 18.40%	16.85-19.85%
50	\$0 - \$87,900	6.20%	1.45%	Varies ¹	Varies 7.65%-10.65%	6.20%	1.45%	Varies ³	Varies 11.65-14.65%
	Over \$87,900	0.00%	1.45%	0-3%		0.00%	1.45%	4-7%	5.45-8.45%
52	\$0 - \$87,900	6.20%	1.45%	Varies ¹	Varies 9.65%-12.65%	6.20%	1.45%	Varies ³	Varies 11.65-14.65%
	Over \$87,900	0.00%	1.45%	2-5%		0.00%	1.45%	4-7%	5.45-8.45%
60	\$0 - \$87,900	6.20%	1.45%	Varies ¹	Varies 7.65%-10.65%	6.20%	1.45%	Varies ³	Varies 11.65-14.65%
	Over \$87,900	0.00%	1.45%	0-3%		0.00%	1.45%	4-7%	5.45-8.45%

¹ Code DZ40 or DJ40 varies from 0.00% to 3.00%, depending on employee election.

² Includes mandatory state share (DZ4S) (4.00%), state match of optional employee share (DZ40) (0.00% to 3.00%), and state share for post-retirement health insurance benefits (RE40) (11.40%).

³ The contribution for codes DZ4S & DJ4S is 4.0%. The contribution for codes DZ40 and DJ40 varies from 0.00% to 3.0%.